

AMENDED IN SENATE MAY 8, 2012
AMENDED IN ASSEMBLY JANUARY 12, 2012
AMENDED IN ASSEMBLY JANUARY 4, 2012
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 578

Introduced by Assembly Member Hill

February 16, 2011

An act to add Section 960 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 578, as amended, Hill. Public utilities: natural gas pipelines: safety.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities. The Public Utilities Act authorizes the commission to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or services to be furnished, imposed, observed, and followed by specified public utilities, including gas corporations. *Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.* The Natural Gas Pipeline Safety Act of 2011 designates the commission as the state authority responsible for regulating and enforcing intrastate gas pipeline transportation and pipeline facilities pursuant to federal law, including the development, submission, and administration of a state pipeline safety program certification for natural gas pipelines.

If a safety recommendation is made in a published pipeline accident report, *pipeline accident brief, safety study, or safety recommendation*

letter, by the federal National Transportation Safety Board (NTSB) on or after January 1, 2012, this bill would require the commission to determine if implementation of the recommendation is appropriate ~~or whether a more effective, or equally effective, less costly alternative exists to address the safety issue that the recommendation addresses.~~ This bill would require the commission to implement, as soon as is practicable, any natural gas pipeline safety recommendation that it determines to be appropriate. *The bill would require the commission, in implementing the safety recommendation, to consider whether a more effective, or equally effective and less costly, alternative exists to address the safety issue that the recommendation addresses.* The bill would require that, if the commission determines that implementation of a safety recommendation is not appropriate, ~~or that a more effective, or equally effective, less costly alternative exists,~~ that the reason or reasons be detailed in writing ~~as part of a formal record of proceeding and be approved by a majority vote of the commission.~~ The bill would require the commission to include a detailed description of any action taken on an NTSB safety recommendation in a specified annual report the commission is required to make to the Legislature. *The bill would require the commission to determine whether costs incurred for implementation of the requirements of this section are reasonably and prudently incurred and to authorize recovery in rates for those costs that are reasonably and prudently incurred. The bill would prohibit the commission from authorizing the recovery of expenses that would have been avoided if the utility had been in compliance with then-existing state or federal requirements.*

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because this bill would require the commission to issue orders or adopt rules to implement any safety recommendation by the NTSB relative to natural gas pipeline safety that the commission determines to be appropriate and a violation of these orders or rules would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 960 is added to the Public Utilities Code, to read:

960. (a) Beginning January 1, 2012, if the federal National Transportation Safety Board (NTSB) makes a safety recommendation or multiple recommendations relative to natural gas pipeline safety as part of a published pipeline accident report, *pipeline accident brief, safety study, or safety recommendation letter*, the commission shall determine if implementation of the recommendation is appropriate ~~or whether a more effective, or equally effective, less costly alternative exists to address the safety issue that the recommendation addresses.~~

(b) If the commission determines that implementation of a safety recommendation is not appropriate, ~~or that a more effective, or equally effective, less costly alternative exists,~~ the reason or reasons shall be detailed in writing as part of a formal record of proceeding *and shall be approved by a majority vote of the commission.*

(c) If the commission determines that a safety recommendation made by the NTSB is appropriate, the commission shall issue orders or adopt rules to implement the safety recommendations as soon as practicable. *In implementing the safety recommendation, the commission shall consider whether a more effective, or equally effective and less costly, alternative exists to address the safety issue that the recommendation addresses.*

(d) Any action taken by the commission on a safety recommendation made by the NTSB in a published pipeline accident report, *pipeline accident brief, safety study, or safety recommendation letter* shall be reported annually, in detail, to the Legislature with the report required by Section 321.6.

(e) The commission shall *determine whether costs incurred for implementation of the requirements of this section are reasonably and prudently incurred and* authorize recovery in rates for ~~all just and reasonably incurred costs incurred for implementation of the requirements of this section~~ *those costs that are reasonably and prudently incurred.* The commission shall not authorize recovery of those expenses that would have been avoided if the utility had been in compliance with then-existing *state or* federal requirements.

1 SEC. 2. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

O